



1407 W. North Temple, Suite 310
Salt Lake City, UT 84116

Incoming
C/015/0019
R

HAND DELIVERED

February 22, 2011

John R. Baza
Director
Division of Oil, Gas & Mining
Utah Department of Natural Resources
1594 West North Temple - Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-145801

***RE: Reclamation Bond Decrease Rider – Cottonwood/Wilberg Mine Permit
C/015/0019, Emery County, Utah***

Dear Mr. Baza:

On behalf of PacifiCorp and in response to your letter dated January 18, 2011, addressed to Ken Fleck of Energy West Mining Company, enclosed is a decrease rider bond to Travelers Bond No. decreasing the amount from \$3,252,000 to \$2,964,000. This action comes as a result of DOGM's approval to remove certain acreage from bond liability and regulatory jurisdiction from two areas known as the Cottonwood Fan Portal and the Miller Canyon Breakout Portals where PacifiCorp has satisfied the Phase II and III reclamation bond release criteria at both sites.

With this transmittal, we are providing the following to update the Cottonwood/Wilberg Mine Reclamation Agreement accordingly:

1. Updated Exhibit "A" – Bonded Area Legal Description (reflecting the deletion of the two areas referenced above from the bonded area, together with two updated bond maps – the Master Bond Map and Bond Map 5).
2. Exhibit "B" (Rider Bond to Travelers Bond No. decreasing the amount from \$3,252,000 to \$2,964,000),
3. Exhibit "D" (Stipulation to Revise Reclamation Agreement) noting the purpose of this bonding change, and
4. Updated Affidavits of Qualifications for the surety and the permittee.

RECEIVED

FEB 22 2011

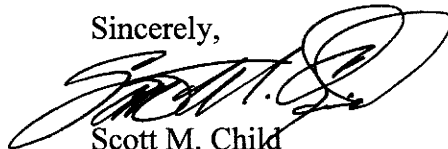
DIV. OF OIL, GAS & MINING

John R. Baza
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A complete copy of this information has been sent to our Energy West Mining Company offices located in Huntington, Utah.

Should you have any questions or need any additional information, please feel free to contact Ken Fleck at 435-687-4712 or myself at 801-220-4612.

Sincerely,



Scott M. Child
Manager, Lands & Regulatory Affairs

Enclosures

SMC\EnergyWest\DOGM 2011-02(CotWilDecreaseRiderBond).doc

cc: IMC w/encl. – C. Crane
EWMC w/encl. – E. Snow, K. Fleck, D. Oakley
PacifiCorp Risk Mgmt. w/encl. NTO 330 – M. Reed ()
Aon Risk Services – Claudia Rathbun w/encl.
5000 Central Park Drive, Suite 204
Lincoln, NE 68504

EXHIBIT “D”

Stipulation to Revise Reclamation Agreement (Federal)

Mine Name: Cottonwood/Wilberg Mine

Permit Number: C/015/0019

Effective Date: _____

Bond Number: _____

COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT
--ooOOoo--

This **STIPULATION TO REVISE RECLAMATION AGREEMENT** entered into by and between the **PERMITTEE** and **DIVISION** incorporates the following revisions or changes to the **RECLAMATION AGREEMENT**: (Identify and Describe Revisions below)

In accordance with DOGM approval letter dated January 18, 2011, and subsequent conditional approvals Permittee hereby submits a Decrease Rider Bond to Surety Bond Number 103771497 together with an updated Exhibit "A" to the Reclamation Agreement having received approval to remove certain acreage from bond liability and regulatory jurisdiction from two areas known as the Cottonwood Fan Portal and the Miller Canyon Breakout Portals. PacifiCorp has satisfied the Phase II and III reclamation bond release criteria at both sites. This revision to the Reclamation Agreement involves deleting approximately 7.5 acres from bond coverage collectively from both of the referenced sites while retaining approximately 1.86 acres of unreclaimed land under bond for the remaining Cottonwood Canyon surface facilities (see Cottonwood Master Bond Map and Bond Map 5). Together, these actions authorize PacifiCorp to decrease the Cottonwood/Wilberg Mine bond amount from \$3,252,000.00 to \$2,964,000.00.

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.

- ☐ Replace the Reclamation agreement in its entirety.
- ☒ Replace Exhibit "A"- permit area.
- ☒ Replace Exhibit "B"- bonding agreement
- ☐ Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$ 3,252,000.00 to \$ 2,964,000.00.

The bonding type is changed from N/A to N/A.

The surface disturbance is revised from 51.05 acres to 43.65 acres.

The expiration date is revised from N/A to N/A.

The liability insurance carrier is changed from N/A to N/A.

The amount of insurance coverage for bodily injury and property damage is changed from \$ N/A to \$ N/A.

IN WITNESS WHEREOF, PacifiCorp the **PERMITTEE** has hereunto set its signature and seal this 14 day of February, 2011.

PacifiCorp

PERMITTEE

By: Micheal G. Dunn

Micheal G. Dunn

Title: President, PacifiCorp Energy
An unincorporated division of
PacifiCorp, an Oregon corporation

ACCEPTED BY THE STATE OF UTAH this 2ND day of March, 2011.

John R. Bayne
Director,

Division of Oil, Gas and Mining

NOTE: An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent or officer. Where on signs by virtue of Power or Attorney of a company, such Power of Attorney must be filed with this Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.

B-SUR-747

Exhibit "A"
Legal Description
Cottonwood/Wilberg Mine
Permit Number C/015/0019
Federal
Bond Number

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EXHIBIT "A"

Bonded Area Legal Description

(Federal Coal)

EXHIBIT "A"

Pursuant to R645-301- 820.110, the surety bond covers an identified increment of land within the permit area upon which the operator will initiate and conduct coal mining and reclamation operations during the initial term of the permit. This area is identified as:

Map(s) showing the BONDED AREA within the approved PERMIT AREA:

- COTTONWOOD Master Bond Map
- CTWD Bond Map 1 (Mine Complex)
- CTWD Bond Map 2 (Sewer Absorption Field)
- CTWD Bond Map 3 (Waste Rock Storage Site - old)
- CTWD Bond Map 4 (Waste Rock Storage Site - new)
- CTWD Bond Map 5 (Cottonwood Canyon Surface Facilities – Two Portals)

Legal description of BONDED AREA:

<u>Map</u>	<u>Areas</u>	<u>Location</u>	<u>Surface Owner</u>	<u>Acreage</u>
1	Mine Complex (Including buildings, conveyor structures, sediment ponds, silo and truck loadout facilities, etc.)	Located at the head of Grimes Wash and situated within the W½NE¼ Section 27, T17S, R7E, SLM	USFS	20.46
2	Sewer Absorption Field (BLM R/W UTU-37641)	Located approximately 1½ miles south of the mine complex along the west side of state road U-57 and situated within the E½NW¼NE¼ Section 34, T17S, R7E, SLM	BLM	2.08
3	Waste Rock Storage Site (old) (BLM R/W UTU-37642)	Located approximately 1½ miles south of the mine complex along the east side of state road U-57 and situated within the S½SE¼NE¼, NE¼SW¼ Section 35, T17S, R7E, SLM	BLM	1.81

Exhibit "A"
Legal Description
Cottonwood/Wilberg Mine
Permit Number C/015/0019
Federal
Bond Number.

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4	Waste Rock Storage Site (new) (BLM R/W UTU-65027)	Located approximately 1½ miles south of the mine complex west of state road U-57 and situated within the NW¼SE¼, N½SW¼SE¼, NW¼NE¼SE¼ Section 34, T17S, R7E, SLM	BLM	17.44
5	Cottonwood Canyon Surface Facilities (Two Portals)	Located approximately 3 miles north of state road 29 on the east side of the Cottonwood Canyon road and situated within the SW¼NE¼, NW¼SE¼ Section 25, T17S, R7E, SLM	Private	1.86

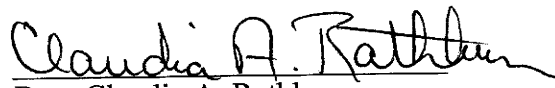
The above described area shall be modified as necessary to correspond to an increase in the area disturbed as a result of an expansion of coal mining and reclamation operations. The described area may also be decreased as a result of partial reclamation.

IN WITNESS WHEREOF the SURETY has hereunto set its signature and seal this

8th day of February, 2011

**Travelers Casualty and Surety
Company of America**

SURETY


By: Claudia A. Rathbun

Attorney-in-Fact
Title:

EXHIBIT “B”

**Surety Bond
Cottonwood/Wilberg Mine**

(Federal Coal)



RIDER

To be attached to and form part of Bond No.

Issued on behalf of PACIFICORP as Principal, and in favor of STATE OF UTAH as Oblige.

It is agreed that:

☐ 1. The Surety hereby gives its consent to change the Name:

from:

to:

☐ 2. The Surety hereby gives its consent to change the Address

from:

to:

☒ 3. The Surety hereby gives its consent to change the Bond Limit of Liability

from: Three Million, Two Hundred Fifty-Two Thousand and No/100---(\$3,252,000.00)

to: Two Million, Nine Hundred Sixty-Four Thousand and No/100---(\$2,964,000.00)

4. This rider shall become effective as of 1/18/2011:

PROVIDED, however, that the liability of the Surety under the attached bond as changed by this Rider shall not be cumulative.

Signed, sealed and dated 2/8/2011.

TRAVELERS CASUALTY AND SURETY COMPANY OF
AMERICA

By:

Claudia A. Rathbun
Claudia A. Rathbun Attorney-in-Fact

Accepted: State of Utah, DOGM
Obligee

By:

John R. Bayne

or

PACIFICORP

Principal

By:

Michael G. Dunn
Micheal G. Dunn, President of PacifiCorp Energy,
a division of PacifiCorp



POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No. 220795

Certificate No. 002785589

KNOW ALL MEN BY THESE PRESENTS: That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

John D. Diesing Jr., James L. Arts, David B. McCue, Patrick M. McCahill, Claudia A. Rathbun, Steven E. Verbeski, and Elizabeth D. Hudson

of the City of Omaha, State of Nebraska, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 22nd day of January, 2009.

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company



State of Connecticut
City of Hartford ss.

By: George W. Thompson
George W. Thompson, Senior Vice President

On this the 22nd day of January, 2009, before me personally appeared George W. Thompson, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.
My Commission expires the 30th day of June, 2011.



Marie C. Tetreault
Marie C. Tetreault, Notary Public

**AFFIDAVITS
OF
QUALIFICATION**

Cottonwood/Wilberg Mine
Permit Number C/015/0019
Bond Number

**AFFIDAVIT OF QUALIFICATION
SURETY COMPANY**

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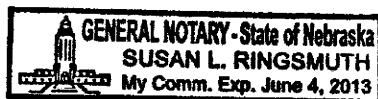
I, Claudia A. Rathbun, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) Attorney-in-Fact of Travelers Casualty and Surety Company of America; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said SURETY COMPANY is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations herein.

Claudia A. Rathbun

Claudia A. Rathbun
Attorney-in-Fact

STATE OF NEBRASKA)
) SS:
COUNTY OF LANCASTER)

Subscribed and sworn to before me this 8TH day of February 2011.



Susan L. Ringsmuth
Notary Public

My Commission Expires:

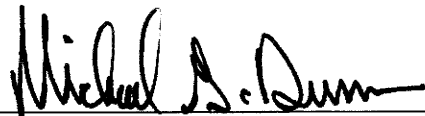
June 4, 2013.

Cottonwood/Wilberg Mine
Permit Number C/015/0019
Bond Number

**AFFIDAVIT OF QUALIFICATION
PERMITTEE**

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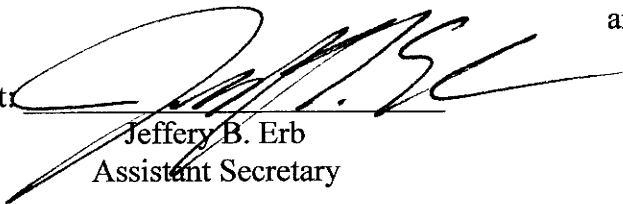
I, Micheal G. Dunn, being first duly sworn under oath, deposes and says that he/she is
the President, PacifiCorp Energy, an unincorporated division of PacifiCorp, an Oregon
corporation; and that he/she is duly authorized to execute and deliver the foregoing
obligations; and that said PERMITTEE is authorized to execute the same and has complied in all
respects with the laws of Utah in reference to commitments, undertakings and obligations herein.



Micheal G. Dunn
President, PacifiCorp Energy,
an unincorporated division of PacifiCorp



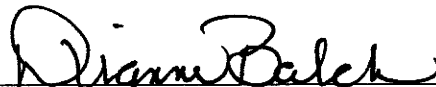
Attest



Jeffery B. Erb
Assistant Secretary

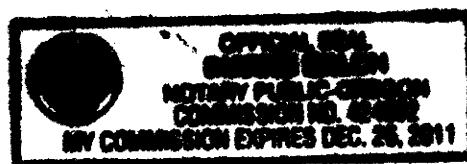
STATE OF Oregon)
) ss:
COUNTY OF Multnomah)

Subscribed and sworn to before me this 15th day of February 2011.



Dianne Balch
Notary Public

My Commission Expires:
December 26, 2011.



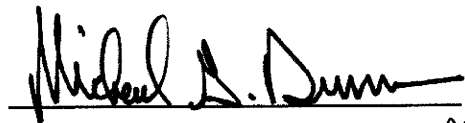

PacifiCorp

Assistant Secretary's Certificate

I, Jeffery B. Erb, a duly elected Assistant Secretary of PacifiCorp, an Oregon corporation (hereinafter referred to as the "Company"), **HEREBY CERTIFY** the following:

1. The following person is a duly elected and qualified officer of the Company holding the office set opposite his name, and his signature appearing opposite his name is his genuine signature:

Micheal G. Dunn President, PacifiCorp Energy

2. The following is an excerpt of certain resolutions which were duly adopted by the Board of Directors of the Company at a meeting thereof duly held on the 11th day of February, 1998, and that said resolutions are in full force and effect on the date hereof, namely:

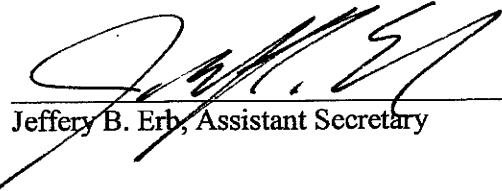
Corporate Officers

RESOLVED, that pursuant to Article IV of the Bylaws, (1) the authority and duties of the President and Chief Executive Officer shall be those incident to the office and as prescribed and assigned from time to time by the Board of Directors, and (2) the authority and duties of any Vice President or other Corporate Officer of PacifiCorp shall be as prescribed and assigned from time to time by the Board of Directors or the President and Chief Executive Officer; and further

RESOLVED, that the President and Chief Executive Officer and any Vice President who is a Corporate Officer be, and each of them hereby is, authorized, in the name and on behalf of the Company, to negotiate, execute and deliver, and the Secretary and any Assistant Secretary of the Company be, and each of them hereby is, authorized to attest, with or without affixing its corporate seal, any agreement, lease, permit, license, grant, deed or other instrument entered into by the Company in the

ordinary course of its business and within the scope of the duties assigned to such officer by the President and Chief Executive Officer, or the Board of Directors

WITNESS my hand this 15TH day of FEB., 2011.



Jeffery B. Erb, Assistant Secretary

